



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

TUESDAY, OCTOBER 27, 2020

8:30 A.M.

REMOTE ATTENDANCE

To comply with Governor Inslee's [Proclamation 20-28](#), the Finance Committee Meeting will be conducted remotely, not in person. However, you may view the meeting by watching live through Zoom.

Link: <https://us02web.zoom.us/j/89837215193>

The public may also listen to the meeting via telephone by dialing toll-free:

(888) 788-0099 or **(877) 853-5247** – when prompted, enter Webinar ID **898 3721 5193** press # (participant ID not required)

SMALL WORKS AND CONSULTANT ROSTER RESOLUTION UPDATE

*AUBREY COLLIER, CONSTRUCTION MANAGER
(STAFF REPORT)*

2020 BUDGET AMENDMENT – CARES ACT AND COVID-19

*TROY WOO, DIRECTOR OF FINANCE
(DISCUSSION)*

PROPERTY TAX AND BUDGET DISCUSSION

*TROY WOO, DIRECTOR OF FINANCE
(DISCUSSION)*

SUBSTANTIAL NEEDS RESOLUTION

*TROY WOO, DIRECTOR OF FINANCE
(STAFF REPORT)*

AD VALOREM TAX ORDINANCE

*TROY WOO, DIRECTOR OF FINANCE
(STAFF REPORT)*

2021 WATER RATE ORDINANCE

*TROY WOO, DIRECTOR OF FINANCE
(STAFF REPORT)*

2021 SEWER RATE ORDINANCE

*TROY WOO, DIRECTOR OF FINANCE
(STAFF REPORT)*

2021 STORMWATER RATE ORDINANCE

*TROY WOO, DIRECTOR OF FINANCE
(STAFF REPORT)*

ANIMAL SERVICES – JURISDICTIONAL ASSESSMENTS

*SCOTT SPENCE, CITY MANAGER
(PRESENTATION)*



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

October 27, 2020

SUBJECT: Small Works and Consulting Services Roster Resolution

RECOMMENDATION: Upon review and concurrence, forward resolution to full City Council with recommendation for approval

STAFF CONTACT: Scott Spence, City Manager *SS*
Troy Woo, Finance Director
Scott Egger, Public Works Director *SE*
Roger Schoessel, City Engineer *RAS*
Aubrey Collier, Design & Construction Manager *AC*

ORIGINATED BY: Aubrey Collier, Public Works Department

ATTACHMENTS:

1. [Draft Resolution](#)
2. [Small Works Roster Procedure](#)
3. [Limited Public Works Procedure](#)

FISCAL NOTE:

PRIOR REVIEW: Resolution 949 was adopted on July 23, 2009

BACKGROUND:

The City's current Resolution 949 was adopted in 2009. The resolution allows City staff to use the Small Works and Limited Public Works processes to award contracts for public works and authorizes the use of consultant rosters. The resolution also authorizes the use of MRSC Rosters for Small Works, Limited Public Works and Consultant Services.

The current resolution duplicates some of the language in the RCWs from 2009, and is missing some language from the RCWs. RCWs governing these contracting practices have been updated since this resolution was adopted. The limits for Small Works and Limited Public Works projects has also been increased from \$300,000/\$35,000 to \$350,000/\$50,000 respectively. This resolution would eliminate language that is already in the RCWs, preventing the possibility of conflicting information as RCWs change. The resolution instead

references the applicable RCWs. Detailed procedures for using the Small Works and Limited Public Works processes are attached.

ADVANTAGES:

1. Updates the City Small Works and Limited Public Works resolution to ensure that we are in compliance with current State RCW requirements.

DISADVANTAGES:

1. None anticipated

RESOLUTION _____

CITY OF LACEY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, RELATED TO THE SUBJECTS OF THE SMALL PUBLIC WORKS ROSTER PROCESS TO AWARD PUBLIC WORKS CONTRACTS AND THE CONSULTING SERVICES ROSTER FOR ARCHITECTURAL, ENGINEERING AND OTHER PROFESSIONAL SERVICES AND RESCINDING RESOLUTION 949.

WHEREAS, RCW 39.04.155 and other laws regarding contracting for public works by municipalities, allow certain contracts to be awarded by a small works roster process; and

WHEREAS, in order to utilize the small works roster processes, the City of Lacey is required by law to adopt a resolution implementing the provisions of RCW 39.04.155; and

WHEREAS, RCW 39.80.030 requires that an agency publish in advance that agency's requirement for professional services and that one of the ways to accomplish that notification is to announce generally to the public its projected requirements for any category or type of professional services and request qualification statements to be kept on file with the agency; and

WHEREAS, on July 23, 2009, the City Council adopted Resolution 949 which established a small public works roster process and a consulting services roster for architectural, engineering and other professional services; and

WHEREAS, RCW 39.04.155 has been subsequently revised necessitating certain amendments to its small public works roster process contained in Resolution 949.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON as follows:

Section 1. Resolution No. 949 of the City of Lacey is hereby rescinded.

Section 2. **MRSC Rosters.**

The City of Lacey wishes to contract with the Municipal Research and Services Center of Washington (MRSC) to adopt for the City's use those statewide electronic databases for small public works roster and consulting services for architectural, engineering and other professional services developed and maintained by MRSC and authorizes the City of Lacey staff to sign that contract. In addition, paper and/or electronic rosters may be kept on file by appropriate city departments.

Section 3. **Small Public Works Roster**

The City of Lacey hereby establishes a small works roster process and adopts the provisions as set forth in RCW 39.04.155, as the same may hereafter be amended, as those specific procedures

for use by the City of Lacey. The City Manager shall have authority to award all contracts under this section without City Council approval.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,

this ____ day of _____, 2020.

CITY COUNCIL

By _____
Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

Small Works Roster Procedure
\$50,000 - \$350,000
Updated: October 2020

PURPOSE: This Procedure provides a step by step methodology for selecting, acquiring, documenting, contracting and awarding Small Works projects.

PW Number

Contact the PW Executive Assistant and request a PW number. If there will be a plan set, contact the Utility Mapper and request a drawing number.

File

Create a project file on the server \\laceynt\dfs\PW_Work\Projects under the appropriate year using the format "PW 20xx-xx Project Name".

Copy over the blank file plan template located here \\laceynt\dfs\PW_Work\ENGINEERING\Design\File Plan Template. Keep copies of all PSA, Design, Cost Estimate, Bidding and Construction documents in this file.

Construction Cost Estimate/ Bid Proposal

Create a construction cost estimate including all labor, materials, and equipment. Projects cannot be broken up into smaller pieces just to avoid using the formal competitive process. The total cost estimate including tax must be less than \$350,000 to use the Small Works process (if under \$50,000 please use the Limited Public Works process).

It is recommended to use PEDS (Pay Estimate Database System) program to create your cost estimate, bid proposal and contractor payments (see the PEDS User Guide)

- Per RCW 39.04.180 if work includes trench excavation > 4 feet, you must include separate bid item for Trench Safety System.
- Include a fixed bid item amount for Minor Change (Typically \$1,000 - \$10,000), this is "contingency" for any minor construction changes encountered during construction.
- Consider including a bid item for Project Closeout (Typically \$1,000 - \$10,000), this is money withheld at the end of the project after the physical work is complete for items such as record drawings, O&M Manuals, punch list items, and prevailing wage affidavits.

Prepare bid/contract documents

At a minimum, the quote/proposal documents must contain the nature and scope (detailed plans and specs not always required but recommended). The proposal requests must contain enough information for the contractors to provide an accurate bid. Plans can be hand drawn and include photos.

All projects must be approved by the Public Works Director prior to requesting quotes. If the Public Works Director is not available, the City Engineer can approve.

Pre-bid walkthroughs are advised for project sites that are not easily accessible for contractors to view on their own. The time and date, location, and directions to the site should be included in the email for quotes. The email must also state that it is non-mandatory. Send out a calendar invite for the pre-bid walkthrough to the Design & Construction Manager, appropriate City Operations & Maintenance staff, and design consultants if applicable.

Typical Specifications include:

1. City Division 1 (legal/bidding/contract) language \\laceynt\dfs\PW_Work\ENGINEERING\SPECS\CITY SPEC TEMPLATES
2. Material requirements/specifications
3. Working days allowed, or any time deadlines or scheduling requirements

The following information should also be included in the proposal/quote requests:

1. Bid bond requirements (optional, but recommended)
2. Performance/Payment bond requirements (for projects < \$150,000 may withhold an additional 10% in lieu of bond)
3. Retainage requirements (5% optional, but recommended)
4. Non-collusion requirements
5. If a non-mandatory pre-bid walkthrough will be held, include date/time/location/directions information in the request for quotes.
6. Prevailing Wages required: Attach a copy or provide the link with "Effective Date" as the date that bids are due
Wage Rates: <https://secure.lni.wa.gov/wagelookup/>
7. Bidder Responsibility criteria requirements: Criteria per RCW 39.04.350 is always required. If supplemental criteria is used for determining bidder responsibility, the basis for evaluation and the deadline for appealing a determination that a bidder is not responsible must be provided in the invitation to bid. It is typical for supplemental bidder information to be provided within 48 hours of the bid opening. See the Design & Construction Division for assistance.

Obtaining quotes

Small works projects do not have a minimum time period for contractors to prepare proposals/quotes, however typical duration for adequate review by contractors is two weeks. Less time for review is acceptable for projects of limited scope.

Phone quotes are permitted for projects under \$15,000 per the City Policy. If quotes are solicited by phone, a written record shall be made by the City of Lacey representative of each contractor's bid on the project. The City of Lacey representative shall ensure that all contractors are receiving the same information and that no contractors are being given an advantage.

At the time bids are solicited, the City of Lacey representative shall not inform a contractor of the amount of any other contractor's bid for the same project.

For written quotes, email the bidders checklist, project description including contracting and bidding requirements, proposal sheet, plans, specifications, non-collusion affidavit, bid bond form, and certification of compliance with wage payment statutes as an attachment. Or if the files are too large post it on the City ftp site or City website and email out the link. Only website editors can post items on the City website, contact the Design & Construction Manager or the Project Administrator for assistance or to get a list of staff that have access. Send the email to PublicWorksProjects@ci.lacey.wa.us, CC the Public Works Director, the City Engineer, the Design & Construction Manager, the PW Executive Assistant, and the PW Project Administrator, and Blind Copy all of the contractors that you are requesting quotes from.

To get the list of bidders follow these instructions:

Website: www.mrscrosters.org

Contact the Design & Construction Division for login and password information

Select the "Small Works Roster" option

Select all the categories that match the scope of the work and then select "Search Businesses"

Select "Save PDF" and save the pdf to the project folder

Select "Continue" and then "Solicit Businesses" and copy all the email addresses to the proposal email in the BCC(blind copy) section.

The City may not favor certain contractors on the small works roster over other contractors on the same roster who perform similar services. It is recommended that bids be solicited from the entire list of bidders in the category of work. As an alternative to requesting quotes from the entire list of contractors, quotations may be invited from a minimum of five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. However, if the estimated cost of the work is from \$250,000-\$350,000, you must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought by publishing a notice in a legal newspaper in general circulation in the area where the work is to be done (The Olympian).

Sample Email:

Subject: Request for Proposal – Project Title PW 20xx-xx

This contract provides for xxxxxxxx, and other work as outlined in bid documents. Work shall be completed within xx working days from Notice to Proceed.

There will be a non-mandatory pre-bid meeting at x:xx on Thursday September 24, 2020.

Prevailing wage rates apply. Retainage, bid bond and performance/payment bond will be required.

Each Bidder shall complete the City provided proposal with prices in figures with the extension properly computed. The proposal must be properly signed by a duly authorized agent, and addenda if issued must be acknowledged. The bid must be accompanied by the bid guarantee and the non-collusion affidavit or it will be rejected.

The City will award the contract to the lowest responsible bidder as defined in RCW 39.04.010. The Contractor shall meet all the bidder responsibility criteria per RCW 39.04.350.

The City does not pre-qualify Bidders. However, if the apparent low Bidder has not already been determined qualified, the City shall afford seven (7) days after notification for the low Bidder to provide evidence for evaluation, as to capability to perform the work. The evaluation will include consideration of experience, personnel, equipment, financial resources as well as performance record. The information must be sufficient to enable the Bidder to obtain the required qualification rating prior to the award of the contract.

Please submit a sealed written bid with Project Name on the outer envelope that includes sales tax (9.4%) to City Hall at the Public Works front counter or by mail at 420 COLLEGE ST SE, LACEY, WA 98503 by 2:30 PM Thursday, October 8, 2020. Postmarks will not be accepted.

Please contact me directly if you have any questions regarding this project. Thank you,

NOTE: It may be necessary to correct punctuation in the e-mail address list generated from the MRSC website to send the e-mail (e.g., replace colons with semicolons between addresses). No further action is needed for e-mail that is returned as undeliverable to the address provided by the contractor.

Addenda/Q&A – Keep track of questions asked by contractors and your responses to those questions. If conducting a pre-bid walkthrough make sure that all questions and responses to those questions are recorded. To ensure that all contractors get the same information, email Q&A sheets and/or addenda to the same list of email recipients that the original proposal request was sent to. All addenda must be signed by the Public Works Director or the City Engineer if the Public Works Director is not available. If a new proposal is part of an addendum, write “Addendum #X” at the top of the new proposal to make sure the contractor turns in the correct proposal. To do this in PEDS, a PEDS administrator will need to unlock the project for you, then select Add/Edit Project, select the project, select “Edit Project” and add “Addendum #X” to Title 3 of the project. You can then lock the project and print the new proposal.

Opening Bids

Schedule the opening in advance with the PW Executive Assistant, and send a calendar invite for the opening to the Public Works Director, the City Engineer, the Design & Construction Manager, the Project Administrator and the PW Executive Assistant. The opening is an informal process (City Clerk not required) – public opening is optional.

Provide the engineers estimate and the bidders checklist to the PW Executive Assistant in advance.

Plan to assist during the opening to accept and review bids. The PW Executive Assistant will accept and open bids and confirm that all required documents were received with the bid, and then email out the initial bid results showing the bidders and their bid amounts.

Evaluation of Bids

Check the MRSC small works roster to ensure that all the contractors are on the roster. The City cannot accept bids from contractors who are not on the roster when bids are opened.

Check all bids to ensure that all the required documents were provided and that they were filled out correctly.

Enter the bids into PEDS (see PEDS User Guide) and print the bid tabs, sign them and give them and all the original bidders documents including bid guarantees to the PW Executive Assistant for filing.

Print the bid tab summary sheet and provide those results to any bidders who request it.

The City of Lacey shall award the contract to the lowest responsible bidder, or all bids shall be rejected. "Responsible bidder" means a contractor who meets the criteria in RCW 39.04.350 in addition to any supplemental criteria established by the City. If supplemental criteria is used for determining bidder responsibility it is recommended to get the supplemental information from the lowest two bidders at a minimum. If a contractor does not submit the supplemental information they can not be considered for award.

Send an email to the Project Administrator and CC the Design & Construction Manager requesting that mandatory bidder responsibility criteria be checked for the apparent low bidder.

The Project Manager will work with the Design & Construction Manager to verify any supplemental information.

If any bids need to be rejected, the Public Works Director shall make the final determination and sign the rejection letter.

Bidder Protests and Public Information Requests

Within 2 full business days after the bid opening (Saturday, Sunday, and legal holidays excluded), the City must provide, if requested by a bidder, copies of the bids received for the project. Provide copies of all information requests and responses to the Deputy City Clerk for tracking purposes.

Within 2 full business days after the bid opening or after receiving copies of the bids (Saturday, Sunday, and legal holidays excluded), any party planning to protest must file written notice of such intention. If no notice is received within the 2 business days, all eligible protesters will be considered to have waived their right to protest.

After the two business days have passed from bid opening date/time or after copies of the bids were provided, the agency will proceed as follows:

If a notice of intent to protest was filed with the City during the 2 days, the City may suspend the award decision to allow consideration of the protest before award is made;

or declare its intent to award and wait a minimum of 2 additional business days before entering into a contract

Award

The Public Works Director shall present all quotations/bids and recommendation for award of the contract to the lowest responsible bidder to the City Manager. The City Manager or his designee shall have authority to award all contracts under this section without City Council approval. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone or electronic request. The City shall maintain a list of the contractors contacted and the contracts awarded, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

Once the Project Administrator has confirmed that the contractor meets all of the mandatory responsibility criteria, prepare a Staff Report with the bid summary sheet attached and route to the Public Works Director. Note on the staff report whether a budget amendment is required. Once the staff report has been approved the PW Executive Assistant will send the contract, payment/performance bond form, and declaration of retainage form to the contractor. The contractor is also required to provide insurance certificate, a W9, and must have a City of Lacey business license. All the paperwork is due back to the City within 10 days.

Once all the required paperwork is returned to the City the PW Executive Assistant will forward it to the City Attorney for review, and then to the City Manager or his/her designee for execution.

Once the contract is executed, the PW Executive Assistant will return the bid bonds to all of the contractors and notify them that the contract was executed.

Construction

Construction inspection and administration, including project noticed and payments to the contractor, are managed by the Design & Construction Division. Once the contract has been executed, coordinate with the Design & Construction Manager to schedule the preconstruction meeting and provide copies of the Plans and Specifications for the O&M Division, the Contractor, the Inspector, and

the Design & Construction Manager. Notice to Proceed will be issued by the Design & Construction Manager or his/her designee no later than 30 days from the contract execution date.

The Project Manager will inform the Project Inspector of any submittals that the Project Manager or Consultant needs to review, or if there are any special inspections or other unique information that the inspector needs to be aware of.

Contractor payments will be reviewed and approved by the Project Inspector, the Design and Construction Manager, and the Public Works Director or his/her designee.

Once the project is Substantially Complete, all stakeholders will be given an opportunity to inspect the work and generate a punch list.

The Public Works Director will issue the project final acceptance and completion notice.

Approximately 10 months after the project completion all stakeholders will be given the opportunity to inspect the work for any warranty issues.

Limited Public Works Roster Procedure
< \$50,000
Updated: October 2020

PURPOSE: This Procedure provides a step by step methodology for selecting, acquiring, documenting, contracting and awarding Limited Public Works projects.

PW Number

Contact the PW Executive Assistant and request a PW number. If there will be a plan set, contact the Utility Mapper and request a drawing number.

File

Create a project file on the server [\\laceynt\dfs\PW_Work\Projects](#) under the appropriate year using the format "PW 20xx-xx Project Name".

Copy over the blank file plan template located here [\\laceynt\dfs\PW_Work\ENGINEERING\Design\File Plan Template](#).
Keep copies of all PSA, Design, Cost Estimate, Bidding and Construction documents in this file.

Construction Cost Estimate/ Bid Proposal

Create a construction cost estimate including all labor, materials, and equipment. Projects cannot be broken up into smaller pieces just to avoid using the Small Works process or formal competitive process. The total cost estimate including tax must be less than \$50,000 to use the Limited Public Works process.

It is recommended to use PEDS (Pay Estimate Database System) program to create your cost estimate, bid proposal and contractor payments (see the PEDS User Guide)

- Per RCW 39.04.180 if work includes trench excavation > 4 feet, you must include separate bid item for Trench Safety System.
- Include a fixed bid item amount for Minor Change (Typically \$1,000 - \$10,000), this is "contingency" for any minor construction changes encountered during construction.
- Consider including a bid item for Project Closeout (Typically \$1,000 - \$10,000), this is money withheld at the end of the project after the physical work is complete for items such as record drawings, O&M Manuals, punch list items, and prevailing wage affidavits.

Prepare bid/contract documents

At a minimum, the quote/proposal documents must contain the nature and scope (detailed plans and specs not always required but may be recommended depending on complexity). The proposal requests must contain enough information for the contractors to provide an accurate bid. Plans can be hand drawn and include photos.

All projects must be approved by the Public Works Director prior to requesting quotes. If the Public Works Director is not available, the City Engineer can approve.

Pre-bid walkthroughs are advised for project sites that are not easily accessible for contractors to view on their own. The time and date, location, and directions to the site should be included in the email for quotes. The email must also state that it is non-mandatory. Send out a calendar invite for the pre-bid walkthrough to the Design & Construction Manager, appropriate City Operations & Maintenance staff, and design consultants if applicable.

Typical Specifications include:

1. City Division 1 (legal/bidding/contract) language \\laceynt\dfs\PW_Work\ENGINEERING\SPECS\CITY SPEC TEMPLATES
2. Material requirements/specifications
3. Working days allowed, or any time deadlines or scheduling requirements

The following information should also be included in the proposal/quote requests:

1. Non-collusion requirements
2. If a non-mandatory pre-bid walkthrough will be held, include date/time/location/directions information in the request for quotes.
3. Prevailing Wages required: Attach a copy or provide the link with "Effective Date" as the date that bids are due
Wage Rates: <https://secure.lni.wa.gov/wagelookup/>
4. Bidder Responsibility criteria requirements: Criteria per RCW 39.04.350 is always required. If supplemental criteria is used for determining bidder responsibility, the basis for evaluation and the deadline for appealing a determination that a bidder is not responsible must be provided in the invitation to bid. It is typical for supplemental bidder information to be provided within 48 hours of the bid opening. See the Design & Construction Division for assistance.

Obtaining quotes

Limited Public Works projects do not have a minimum time period for contractors to prepare proposals/quotes, however typical duration for adequate review by contractors is two weeks. Less time for review is acceptable for projects of limited scope.

Phone quotes are permitted for projects under \$15,000 per the City Policy. If quotes are solicited by phone, a written record shall be made by the City of Lacey representative of each contractor's bid on the project. The City of Lacey representative shall ensure that all contractors are receiving the same information and that no contractors are being given an advantage.

At the time bids are solicited, the City of Lacey representative shall not inform a contractor of the amount of any other contractor's bid for the same project.

For written quotes, email the bidders checklist, project description including contracting and bidding requirements, proposal sheet, plans, specifications, non-collusion affidavit, bid bond form, and certification of compliance with wage payment statutes as an attachment. Or if the files are too large post it on the City ftp site or City website and email out the link. Only website editors can post items on the City website, contact the Design & Construction Manager or the Project Administrator for assistance or to get a list of

staff that have access. Send the email to PublicWorksProjects@ci.lacey.wa.us, CC the Public Works Director, the City Engineer, the Design & Construction Manager, the PW Executive Assistant, and the PW Project Administrator, and Blind Copy all of the contractors that you are requesting quotes from.

To get the list of bidders follow these instructions:

Website: www.mrscrosters.org

Contact the Design & Construction Division for login and password information

Select the "Small Works Roster" option

Select all the categories that match the scope of the work and then select "Search Businesses"

Select "Save PDF" and save the pdf to the project folder

Select "Continue" and then "Solicit Businesses" and copy all the email addresses to the proposal email in the BCC(blind copy) section.

The City may not favor certain contractors on the small works roster over other contractors on the same roster who perform similar services. It is recommended that bids be solicited from the entire list of bidders in the category of work. As an alternative to requesting quotes from the entire list of contractors, quotations may be invited from a minimum of three contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster.

Sample Email:

Subject: Request for Proposal – Project Title PW 20xx-xx

This contract provides for xxxxxxxx, and other work as outlined in bid documents. Work shall be completed within xx working days from Notice to Proceed.

There will be a non-mandatory pre-bid meeting at x:xx on Thursday September 24, 2020.

Prevailing wage rates apply. Retainage, bid bond and performance/payment bond will be waived.

Each Bidder shall complete the City provided proposal with prices in figures with the extension properly computed. The proposal must be properly signed by a duly authorized agent, and addenda if issued must be acknowledged. The bid must be accompanied by the bid guarantee and the non-collusion affidavit or it will be rejected.

The City will award the contract to the lowest responsible bidder as defined in RCW 39.04.010. The Contractor shall meet all the bidder responsibility criteria per RCW 39.04.350.

The City does not pre-qualify Bidders. However, if the apparent low Bidder has not already been determined qualified, the City shall afford seven (7) days after notification for the low Bidder to provide evidence for evaluation, as to capability to perform the work. The evaluation will include consideration of experience, personnel, equipment, financial resources as well as performance record. The information must be sufficient to enable the Bidder to obtain the required qualification rating prior to the award of the contract.

Please submit a sealed written bid with Project Name on the outer envelope that includes sales tax (9.4%) to City Hall at the Public Works front counter or by mail at 420 COLLEGE ST SE, LACEY, WA 98503 by 2:30 PM Thursday, October 8, 2020. Postmarks will not be accepted.

Please contact me directly if you have any questions regarding this project. Thank you,

NOTE: It may be necessary to correct punctuation in the e-mail address list generated from the MRSC website to send the e-mail (e.g., replace colons with semicolons between addresses). No further action is needed for e-mail that is returned as undeliverable to the address provided by the contractor.

Addenda/Q&A – Keep track of questions asked by contractors and your responses to those questions. If conducting a pre-bid walkthrough make sure that all questions and responses to those questions are recorded. To ensure that all contractors get the same information, email Q&A sheets and/or addenda to the same list of email recipients that the original proposal request was sent to. All addenda must be approved by the Public Works Director or the City Engineer if the Public Works Director is not available. If a new proposal is part of an addendum, write “Addendum #X” at the top of the new proposal to make sure the contractor turns in the correct proposal. To do this in PEDS, a PEDS administrator will need to unlock the project for you, then select Add/Edit Project, select the project, select “Edit Project” and add “Addendum #X” to Title 3 of the project. You can then lock the project and print the new proposal.

Opening Bids

Schedule the opening in advance with the PW Executive Assistant, and send a calendar invite for the opening to the Public Works Director, the City Engineer, the Design & Construction Manager, the Project Administrator and the PW Executive Assistant. The opening is an informal process (City Clerk not required) – public opening is optional. Provide the engineers estimate and the bidders checklist to the PW Executive Assistant in advance.

Plan to assist during the opening to accept and review bids. The PW Executive Assistant will accept and open bids and confirm that all required documents were received with the bid, and then email out the initial bid results showing the bidders and their bid amounts.

Evaluation of Bids

Check the MRSC small works roster to ensure that all the contractors are on the roster. The City cannot accept bids from contractors who are not on the roster when bids are opened.

Check all bids to ensure that all the required documents were provided and that they were filled out correctly.

Enter the bids into PEDS (see PEDS User Guide) and print the bid tabs, sign them and give them and all the original bidders documents including bid guarantees to the PW DA for filing.

Print the bid tab summary sheet and provide those results to any bidders who request it.

The City of Lacey shall award the contract to the lowest responsible bidder, or all bids shall be rejected. "Responsible bidder" means a contractor who meets the criteria in RCW 39.04.350 in addition to any supplemental criteria established by the City. If supplemental criteria is used for determining bidder responsibility it is recommended to get the supplemental information from the lowest two bidders at a minimum. If a contractor does not submit the supplemental information they can not be considered for award.

Send an email to the Project Administrator and CC the Design & Construction Manager requesting that mandatory bidder responsibility criteria be checked for the apparent low bidder.

The Project Manager will work with the Design & Construction Manager to verify any supplemental information.

If any bids need to be rejected, the Public Works Director shall make the final determination and sign the rejection letter.

Bidder Protests and Public Information Requests

Within 2 full business days after the bid opening (Saturday, Sunday, and legal holidays excluded), the City must provide, if requested by a bidder, copies of the bids received for the project. Provide copies of all information requests and responses to the Deputy City Clerk for tracking purposes.

Within 2 full business days after the bid opening or after receiving copies of the bids (Saturday, Sunday, and legal holidays excluded), any party planning to protest must file written notice of such intention. If no notice is received within the 2 business days, all eligible protesters will be considered to have waived their right to protest.

After the two business days have passed from bid opening date/time or after copies of the bids were provided, the agency will proceed as follows:

If a notice of intent to protest was filed with the City during the 2 days, the City may suspend the award decision to allow consideration of the protest before award is made;

or declare its intent to award and wait a minimum of 2 additional business days before entering into a contract

Award

The Public Works Director shall present all quotations/bids and recommendation for award of the contract to the lowest responsible bidder to the City Manager. The City Manager or his designee shall have authority to award all contracts under this section without City Council approval. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone or electronic request. The City shall maintain a list of the contractors contacted and the contracts awarded, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

Once the Project Administrator has confirmed that the contractor meets all of the mandatory responsibility criteria, prepare a Staff Report with the bid summary sheet attached and route to the Public Works Director. Note on the staff report whether a budget amendment is required. Once the staff report has been approved the PW Executive Assistant will send the contract to the contractor. The contractor is also required to provide insurance certificate, a W9, and must have a City of Lacey business license. All the paperwork is due back to the City within 10 days.

Once all the required paperwork is returned to the City the PW Executive Assistant will forward it to the City Attorney for review, and then to the City Manager or his/her designee for execution.

Construction

Construction inspection and administration, including project noticed and payments to the contractor, are managed by the Design & Construction Division. Once the contract has been executed, coordinate with the Design & Construction Manager to schedule the preconstruction meeting and provide copies of the Plans and Specifications for the O&M Division, the Contractor, the Inspector, and the Design & Construction Manager. Notice to Proceed will be issued by the Design & Construction Manager or his/her designee no later than 30 days from the contract execution date.

The Project Manager will inform the Project Inspector of any submittals that the Project Manager or Consultant needs to review, or if there are any special inspections or other unique information that the inspector needs to be aware of.

Contractor payments will be reviewed and approved by the Project Inspector, the Design and Construction Manager, and the Public Works Director or his/her designee.

Once the project is Substantially Complete, all stakeholders will be given an opportunity to inspect the work and generate a punch list.

The Public Works Director will issue the project final acceptance and completion notice.

Approximately 10 months after the project completion all stakeholders will be given the opportunity to inspect the work for any warranty issues.



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

October 27, 2020

SUBJECT: 2020 Budget Amendments

RECOMMENDATION: Upon review and concurrence, recommend full City Council adoption of the proposed ordinance.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Proposed Ordinance](#)
2. [Summary for Proposed Ordinance](#)

FISCAL NOTE: See attached [Ordinance Exhibit "A"](#).

PRIOR REVIEW:

BACKGROUND:

Throughout the year, adjustments to the budget become necessary as a result of City Council actions, activity levels that were not anticipated during budget development, and grant awards (or other receipts of outside funding). Historically, the budget has been amended once per year immediately prior to the development of the next year's proposed budget document. However, due to the COVID-19 public health emergency, the City Council adopted two out-of-cycle budget amendments (Ordinance Nos. 1566 and 1567). The City Council adopted the historical annual ordinance at its September 10, 2020, meeting. Staff proposes an additional out-of-cycle amendment to address additional CARES Act funding, the 2020 Community Development Block Grant (CDBG) award to the Veterans Services Hub enhancements, match for a Lacey MakerSpace grant opportunity, and computer equipment needed to address teleworking needs.

The proposed ordinance includes the following budget amendments:

- At the end of August, Governor Inslee announced additional CARES Act distributions. At the October 1, 2020 Worksession, the City Council provided staff with direction for the additional \$769,050 CARES Act distributions and remaining \$10,000 from the first CARES Act distributions. The proposed amendment reflects the City Council direction.
- Earlier this year, the City Council approved the distribution of the 2020 CDBG funds. Included in the approval was \$421,852 for tenant improvements to the Veterans Services Hub's first floor. It is expected that the funds will start to be expended by mid-November 2020. The proposed amendment includes appropriations for the improvements and the CDBG reimbursements.
- At the September 10, 2020, City Council meeting, the City Council authorized \$175,000 as a cash match for a Lacey MakerSpace grant application. The U.S. Department of Commerce, Economic Development Administration (EDA) \$1.0 million CARES Act grant will help the MakerSpace acquire needed state-of-the-art manufacturing equipment. The funding for the match will come from a previously established reserve for the MakerSpace for use in 2022.
- \$250,000 is requested for investment in teleworking equipment. At the beginning of the COVID-19 public health emergency, many City staff began working from home to comply with the State's "Stay Home, Stay Healthy" directives. To maintain levels of service and to continue progress on City priorities and initiatives, equipment ready for surplus and temporary connectivity methods were deployed at the start of the public health emergency. Now in its seventh month, the COVID-19 response can no longer be considered short-term. Staff proposes the development of a strategic approach to improving teleworking equipment and connectivity tools. Information Services reserves are the recommended funding source.

Staff requests that the Finance and Economic Development Committee review the proposed budget amendments and upon concurrence recommend full City Council adoption of the proposed budget amendment ordinance.

ADVANTAGES:

1. The proposed adjustments to the 2020 Budget reflects more accurately the necessary requirements of each fund or adjustments made by City Council action.
2. The proposed adjustments maintain a balance between the anticipated revenues and expenditures of each of the funds amended.

DISADVANTAGES:

1. Generally, budget adjustments must use cash reserves to compensate for expenditures that may exceed budget estimates by the end of the budget year.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE AMENDING THE 2020 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1558 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, CAPITAL EQUIPMENT, AND INFORMATION SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, there is a need for additional expenditures to be budgeted within the Current Expense, Capital Equipment, and Information Services Funds for expenditures which could not be contemplated at the time of adopting the 2020 fiscal year budget; and

WHEREAS, revenues, as shown on Exhibit "A" attached hereto, are available from the sources indicated on said Exhibit for the making of said expenditures; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. The 2020 fiscal year budget and Ordinance No. 1558 adopting said budget are hereby amended by making those certain changes to the 2020 fiscal year budget set forth on Exhibit "A", attached hereto and made a part hereof as though fully set forth herein and for all purposes considered to be a portion of this ordinance.

Section 2. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. The summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 5th day of November, 2020.

Approved as to form:

Mayor

City Attorney

ATTEST:

City Clerk

DRAFT

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 5, 2020, Ordinance No. XXXX entitled **“AN ORDINANCE AMENDING THE 2020 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1558 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, CAPITAL EQUIPMENT, AND INFORMATION SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 revises the amounts, which were budgeted for revenues and expenditures within the funds listed above by the 2020 fiscal year budget, which had been adopted by Ordinance No. 1558. The reason for revising the budgeted amounts is the fact that there exists a need for additional expenditures within those funds, which could not be contemplated at the time of adopting the 2020 fiscal year budget.

Section 2 provides provisions for corrections.

Section 3 approves this summary.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

City Clerk

Published: November 9, 2020

2020 Budget Amendments - Ordinance No. XXXX Exhibit "A"

Account Numbers	Account Description	2020 Budget	Budget Amendment	2020 Budget as Amended	Comments
Current Expense Fund					
Revenues					
001-0000-308-0000	Beginning Cash	8,103,276	175,000	8,278,276	Cash Reserves - Assigned Reserves
001-0000-333-1422	Dept of HUD/CDBG Dept of Commerce	-	421,852	421,852	CDBG - Thurston County 2020 Project List - Lacey
001-0000-333-2110	U.S. Dept. of Treasury/CFDA 21.019	1,468,100	769,050	2,237,150	Washington State Coronavirus Relief Fund (CRF) CARES Act Allocation
Total Current Expense Fund Revenues		49,125,931	1,365,902	50,491,833	
Expenditures					
001-0801-518-6300	Social Services - Grants, Assistance, and Other Distributions	254,050	779,050	1,033,100	Community Action Council - Utility, Childcare, Internet Access, and Rent/Mortgage Assistance
001-0805-594-6501	Veterans Services HUB	2,000,000	421,852	2,421,852	Veterans Services Hub Enhancements - CDBG Project
001-3701-558-7000	Planning & Comm. Devel. / Economic Development	204,050	(10,000)	194,050	Reclassify CARES Act appropriations
001-7501-597-1102	Transfer Out 302 Fund	1,771,569	175,000	1,946,569	Lacey MakerSpace Assigned Reserve Transfer Out to Fund 302
Total Current Expense Fund Expenditures		49,125,931	1,365,902	50,491,833	
Capital Equipment Fund					
Revenues					
302-0000-308-0000	Beginning Cash	2,394,561	-	2,394,561	Cash Reserves - Assigned Reserves
302-0000-397-1101	Transfer In 001, 003, 005	1,835,326	175,000	2,010,326	Lacey MakerSpace Reserve Transfer
Total Capital Equipment Fund Revenues		4,401,387	175,000	4,576,387	
Expenditures					
302-0104-559-6001	Capital Outlays / Economic Development	1,709,034	175,000	1,884,034	U.S. Dept. of Commerce Economic Development Administration (EDA) CARES Act Grant Match
Total Capital Equipment Fund Expenditures		4,401,387	175,000	4,576,387	
Information Services Fund					
Revenue					
502-0000-308-0000	Beginning Cash	130,321	250,000	380,321	Cash reserves
Total Information Services Fund Revenues		2,020,632	250,000	2,270,632	
Expenditures					
502-1802-518-6001	Capital Outlays-Equipment	155,000	250,000	405,000	Teleworking equipment
Total Information Services Fund Expenditures		2,020,632	250,000	2,270,632	

2020 Budget Amendments - Ordinance No. XXXX Exhibit "A"

Account Numbers	Account Description	2020 Budget	Budget Amendment	2020 Budget as Amended	Comments
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001-0000-333-1422	Dept of HUD/CDBG Dept of Commerce	-	421,852	421,852	CDBG - Thurston County 2020 Project List - Lacey
001-0000-333-2110	U.S. Dept. of Treasury/CFDA 21.019	1,468,100	769,050	2,237,150	Washington State Coronavirus Relief Fund (CRF) CARES Act Allocation
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Total Information Services Fund Expenditures		2,020,632	250,000	2,270,632	



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

October 27, 2020

SUBJECT: Resolution declaring substantial need for the purposes of authorizing the 2021 Ad Valorem Tax increase

RECOMMENDATION: Review the draft Declaration of Substantial Need resolution.

STAFF CONTACT: Scott Spence, City Manager ^{SS}
Troy Woo, Finance Director ^{TW}

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Draft Resolution No. XXXX](#)

FISCAL NOTE: Projected 2021 General Levy Collections \$7,588,117

PRIOR REVIEW: Budget Workshop on October 1, 2020

BACKGROUND:

RCW 84.55.005(2)(c) sets the property tax limit factor for a taxing jurisdiction with a population over 10,000 as the lesser of 101 percent or 100 percent plus inflation.

Inflation is defined by RCW 84.55.005 (1):

"Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce by September 25th of the year before the taxes are payable.

The inflation factor to be used for the 2021 property taxes is 0.602 percent.

Property tax is a significant source of revenue for the General Fund, so the full one percent increase is needed to address increasing expenditure needs. The 2021 Proposed Budget is

balanced based on exercising the full 101 percent revenue limit increase in the amount of \$71,457. The proposed budget appropriations include major components that are projected to rise at a rate higher than inflation. Those major components include salaries, wages, and employee benefits. In addition, there are projected decreases to other major sources of revenues in the 2021 Proposed Budget.

The adoption of the Declaration of Substantial Need resolution complies with the requirements of RCW 84.55.0101 to increase property taxes by the full 101 percent.

Staff requests that the Finance and Economic Development Committee review the draft Declaration of Substantial Need Resolution. No action is necessary. The Revenue Public Hearing is scheduled for November 5, 2020, and the resolution adoption is scheduled for November 19, 2020.

ADVANTAGES:

1. The adopted property tax levels will help balance the proposed 2021 Budget, which preserves current service levels.
2. Exercising 101 percent revenue limit will help address the rising costs of the City's service delivery.

DISADVANTAGES:

1. Increasing property tax collections by the 1.0 percent revenue limit is challenging regardless of the economic conditions. However, this modest increase allows the City of Lacey to preserve its service levels.

RESOLUTION NO. XXXX

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, DECLARING A SUBSTANTIAL NEED FOR THE PURPOSES OF THE SETTING THE LIMIT FACTOR FOR THE AD VALOREM TAX LEVY FOR 2021.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 5, 2020, for purposes of considering revenue sources to fund the City's 2021 Current Expense Budget which consists of expenditures to provide ongoing services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the City of Lacey actual levy amount from the previous year was \$7,145,693, and

WHEREAS, the population of the City of Lacey is more than 10,000; and

WHEREAS, under RCW 84.55.005(2)(c), the limit factor for a taxing jurisdiction with a population of 10,000 or more is the lesser of 101 percent or 100 percent plus inflation; and

WHEREAS, RCW 84.55.005(1) defines "inflation" as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25 of the year before the taxes are payable; and

WHEREAS, "inflation" to be used for 2021 is 0.602 percent and the limit factor is 100.602 percent, meaning the taxes levied in the City of Lacey in 2020 for collection in 2021 increase will be less than one percent except for the amounts resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state-assessed utility property; and

WHEREAS, RCW 84.55.0101 provides for use of a limit factor of 101 percent or less with a finding of substantial need by a majority plus one councilmembers; and

WHEREAS, major components of general and operation expenses are rising at a higher rate than inflation such as 2021 projected salaries, wages, and employee benefits and the projected declines to other revenue sources.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that a finding is made of substantial need under RCW 84.55.0101, which authorizes the use of a limit factor of 101 percent for the property tax

levy for 2021 and the dollar amount of the increase over the actual levy amount from 2020 shall be \$71,457, which is an increase of 1.0 percent from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property within the City and allowed adjustments for annexation and refunds.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,
this 19th day of November, 2021.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

October 27, 2020

SUBJECT: Ad Valorem Tax Ordinance

RECOMMENDATION: Review the draft Ad Valorem Tax Ordinance.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Draft Ordinance No. XXXX](#)

FISCAL NOTE: 2021 General Levy Collections \$7,588,117
2021 Excess Bond Levy Collections (Fire Safety) \$462,800
2021 Excess Bond Levy Collections (Parks) \$682,550

PRIOR REVIEW: Budget Workshop on October 1, 2020

BACKGROUND:

Each year the taxing districts must certify their budgets and property tax levies by November 30 or the County Assessor must use the previous year's certified levy amounts.

There are a number of factors that will affect the City's property tax levy. The proposed 2021 levy will be increased by the refund levy, revenue limit, and new construction.

Refund Levy represents adjustments that were made to property assessments based on property owner assessment appeals, technical errors, or the granting of exemptions. The refunds were granted during the period of October 1, 2019, through September 30, 2020. The refunds did not change the legal property tax levy limit during that period, so the City is allowed to recover the refunded tax dollars in the following year.

The property tax revenue limit for jurisdictions with populations greater than 10,000 is 101 percent or 100 percent plus inflation, whichever is less. Increases resulting from new

construction and improvements to property, newly construction wind turbines, and state-assessed utility property are exempt from the revenue limit. The revenue limit is challenging for the City of Lacey because property tax is a significant source of revenue for the General Fund. 14.7 percent of all proposed 2021 General Fund budgeted revenues are from property taxes. It is typical for inflation to be in excess of one percent, so the 101 percent property tax limit does not keep pace with the City's rising expenditures.

The inflation factor to be used to determine 2021 property tax collections is 0.602 percent, so the City Council must adopt a substantial need resolution to increase property taxes by the 101 percent property tax limit. The proposed 2021 Budget assumes the City Council will exercise the 101 percent increase.

While the 101 percent revenue limit is challenging, the City of Lacey has been able to address growing service demands and inflationary growth to expenditures with strong property tax growth from new construction. The additions from new construction were better than expected for 2021. New construction valuing \$311,462,479 will be added to next year's assessed value. This will result in property tax increases of \$306,182.

The overall assessed value for Lacey is increasing \$544,541,716. After removing the new construction additions, existing assessed valuation increased \$233,079,237. Increasing valuations result in lower levy rates. Properties, which experienced increases in assessed valuation at a similar rate as the overall Lacey valuation will not experience any change to property tax owed related to the decrease to the levy rate. The following table illustrates the impact of a 10.0 percent increase to property assessments with the one-percent revenue limit in effect.

<u>Tax District - City of Lacey</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Change</u>
Revenue Limit (1%)	\$ 1,000,000	\$ 1,010,000	1.0%
Total District Assessed Value	100,000,000	110,000,000	10.0%
Levy Rate per \$1,000 Assessed Value	\$ 10.00	\$ 9.18	-8.2%

<u>House in Lacey</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Change</u>
Assessed Value	\$ 100,000	\$ 110,000	10.0%
Taxes Due (Assessed Value x Levy Rate)	\$ 1,000	\$ 1,010	1.0%

The table illustrates that a house in Lacey that is appreciating in value at the same rate (10.0 percent) as the average appreciation rate for Lacey, and without considerations of statewide levies or other taxing districts, will have taxes due increased by one percent or the revenue limit.

The proposed ad valorem tax ordinance sets the 2021 general property tax at \$7,588,117. This will result in an estimated levy rate of \$0.9712 per \$1,000 of assessed valuation. This is an increase of \$442,424 or 6.19 percent compared to the 2020 general property tax collections. The adjustments to next year's levy include a \$306,182 increase due to new

construction, a \$71,457 increase due exercising the 1.0 percent revenue limit adjustment, and a \$64,785 increase from the 2020 refund levy.

The proposed ordinance also sets the voter-approved GO Bond redemption property tax levies. The total 2019 property tax levy collection for GO Bond redemption is \$1,145,350. The total estimated GO Bond redemption levy rate is \$0.1484 per \$1,000 of assessed valuation. The outstanding GO Bonds and their portion of the property tax levies are listed below.

	<u>Date Issued</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>2021 Principal & Int.</u>	<u>Rate/ \$1,000 AV</u>
Fire Safety Refunded GO Bonds	December 1, 2010	3,790,000	445,000	462,800	0.0600
Parks Imp. GO Refunded Bonds 2012	December 19, 2012	2,845,000	920,000	324,600	0.0420
Parks Imp. GO Refunded Bonds 2015	May 20, 2015	2,995,000	1,895,000	357,950	0.0463
				\$ 1,145,350	0.1484

Staff requests that the Finance and Economic Development Committee review the draft Ad Valorem Tax Ordinance. No action is necessary. The Revenue Public Hearing is scheduled for November 5, 2020 and the ordinance adoption is scheduled for November 19, 2020.

ADVANTAGES:

1. The proposed property tax levels will help balance the proposed 2021 Budget, which preserves current service levels.
2. Exercising 101 percent revenue limit will help offset the rising costs of the City's service delivery.

DISADVANTAGES:

1. Increasing property tax collections by the 1.0 percent revenue limit is challenging regardless of the economic conditions. However, this modest increase allows the City of Lacey to preserve its service levels.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2021; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2021 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 5, 2020, for purposes of considering revenue sources to fund the City's 2021 Current Expense Budget which consists of expenditures to provide on going services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the assessed valuation of all taxable property within the City as determined by the Thurston County Assessor is \$7,813,475,952 for the General Levy, \$7,707,180,238 for the fire safety general obligation levy, and \$7,729,222,023 for the park improvement general obligation levies, and

WHEREAS, under RCW 84.55.005(2)(c), the limit factor for a taxing jurisdiction with a population of 10,000 or more is the lesser of 101 percent or 100 percent plus inflation, and

WHEREAS, RCW 84.55.005(1) defines "inflation" as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25 of the year before the taxes are payable, and

WHEREAS, "inflation" to be used for 2021 is 0.602 percent, and

WHEREAS, the City Council adopted Resolution No. XXXX finding a substantial need under RCW 84.55.0101, which authorizes the use of a limit factor of 101 percent for the property tax levy for 2021, meaning the taxes levied in the City of Lacey in 2020 for collection in 2021 will increase an amount equal to one percent over the amount collected in 2020 except for the amounts resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state-assessed utility property.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. The property tax levy, together with all adjustments thereto is shown below:

	<u>Adjustment</u> <u>Amount</u>	<u>% Increase/</u> <u>Decrease</u>
2020 Property Tax Levy	\$ 7,145,693	
2021 General Levy Increase	71,457	1.00%
2021 New Construction Levy	306,182	4.28%
2021 Net Refund Levy	<u>64,785</u>	<u>0.91%</u>
2021 General Property Tax Levy	\$ 7,588,117	6.19%

Section 2. The levies to raise \$1,145,350 from property tax for bond redemption and interest on voted general obligation bond indebtedness for the City of Lacey are as follows:

	<u>Total Assessed</u> <u>Valuation</u>	<u>\$ Amount per \$1,000</u> <u>Assessed Value</u>	<u>\$ Amount</u> <u>of Levy</u>
2010 Refunding (Fire Safety)	7,707,180,238	0.06005	462,800
2012 Refunded Parks Imp.	7,729,222,023	0.04200	324,600
2015 Refunded Parks Imp.	7,729,222,023	0.04631	357,950

Section 3. The taxes herein provided for are levied for the purpose of raising revenue sufficient to pay the principal and interest upon the general bonded indebtedness, if any, of the City of Lacey, for a portion of the General Fund, and for the operation of the different departments of the municipal government of the City of Lacey for the fiscal year beginning January 1, 2021, and ending December 31, 2021 (current expense budget); and are hereby levied upon all the real and personal property as shown by the assessment in the County of Thurston as finally fixed by the County and State Board of Equalization, and as extended upon the books of the County Assessor showing the property within said City subject to taxation for municipal purposes and upon the amount of real and personal property as certified by the County Assessor, all pursuant to and under and by virtue of the laws of the State of Washington.

Section 4. That the taxes collected from the levies hereby fixed and made are hereby appropriated and this appropriation, together with the estimated revenues from all sources other than ad valorem taxation shall, when the annual budget for the fiscal year 2021 is finalized and adopted by ordinance, constitute the appropriations of the City of Lacey for the fiscal year 2021.

Section 5. Corrections. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 6. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,
this 19th day of November, 2020.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 19, 2020, Ordinance No. XXXX, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2021; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2021 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance sets the 2021 general property tax levy to be in the sum of \$7,588,117.00 and sets the amount of ad valorem tax levies for the payment of outstanding bonded indebtedness.
2. The Ordinance declares that the taxes levied, together with estimated revenues from all other sources other than ad valorem taxation shall constitute the appropriations of the City for the 2021 fiscal year budget.
3. Provides provisions for corrections.
4. The Ordinance approves this Summary for publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: November 23, 2020.



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
October 27, 2020

SUBJECT: Review Water rate increases 2021

RECOMMENDATION: The 2021 Proposed Budget assumes a three (3.0) percent Water service rate increase with an effective date of July 1, 2021.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: [Draft Ordinance No. XXXX](#)

FISCAL NOTE:

PRIOR REVIEW: Budget Workshop on October 1, 2020

BACKGROUND:

The next update of the water comprehensive plan is in progress, but will not be completed until 2021. Staff has developed a one-year inflationary rate recommendation to allow time for the completion, review and approval of the comprehensive plan. It is anticipated that a multi-year rate schedule will be contemplated at that time. The short-term water financial model uses an average cost methodology rather than a more detailed line-by-line item analysis that is typically performed in a full comprehensive plan update, but maintains the same fiscal policies in the expiring comprehensive plan.

Significant assumptions of the staff developed 2021 water rate proposal include:

- Historical increases for operational and maintenance expenses including labor
- No debt issuance required
- Significant two-year capital improvement program (2021–2022)
- Slowing development levels

- Maintains fireflow utility tax despite State Legislative fix to the Lane v. City of City court ruling
- Separate consultant developed water quality assurance (septic to sewer conversion) fee

The proposed water rate model includes a three (3.0) percent inflationary increase with an effective date of July 1, 2021.

Consistent with numerous actions taken by the City to provide financial relief for the citizens and businesses of Lacey, the 2021 water rate proposal includes a delayed implementation to provide six months of financial relief. The combined use of reserves and mid-year increase maintains the cost recovery approach for operations and maintenance and continues to adequately fund capital improvement program. Most importantly the delayed increase does not significantly impact the long-term financial condition of the utility and will not require higher rate increases in the future to restore a full year's revenue loss.

A 3.0 percent increase to the 2021 residential water service charge is equal to \$1.04 per month (900 cubic feet). The following table illustrates the impact of a 3.0 percent increase for 2021:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Base Rate	\$ 15.67	\$ 16.14	\$ 16.62	\$ 17.12
Consumption	<u>17.01</u>	<u>17.52</u>	<u>18.04</u>	<u>18.58</u>
Total Monthly Charges	\$ 32.68	\$ 33.66	\$ 34.66	\$ 35.70

It is recommended that the Water General Facility Charge (GFC) continue to be increased 6.0 percent or by the Engineering News Record Construction Cost Index (ENR CCI), whichever is higher until the GFC reaches the comprehensive plan calculated level.

The Water Comprehensive Plan Update is expected to be completed by the first half of 2021 and is expected to fully address the utility needs for the years 2021 through 2028.

City staff presented the current proposal to the City Council at the October 1, 2020, Worksession. The public process will occur at the November 5, 2020, Revenue Hearing and Public Hearing on the Budget and the November 19, 2020, Public Hearing on the Budget. The adoption of the 2021 Water Rates is scheduled for November 19, 2020.

ADVANTAGES:

1. The mid-year effective date provides the citizens and customers of the water utility financial relief for those experiencing hardships as a result of the impacts of the COVID-19 public health emergency.
2. Inflationary rate adjustments will help address future capital needs and the growing costs to produce and deliver quality water.

3. Maintaining inflationary rate increases provides customers consistent and predictable rate increases for planning purposes.
4. Deferring needed capital improvements or maintenance and ignoring operational and maintenance costs can occur when rates are kept artificially low. This can result in rate spikes to adjust future rates to the correct levels.

DISADVANTAGES:

1. Increasing water rates can be challenging to customers regardless of the economic conditions. However, this modest increase will help offset future rate increases and allows the City of Lacey to maintain service levels and the protection of its clean water.
2. The July 1, 2021 effective coincides with the high water use of the irrigation season.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE RELATING TO WATER SERVICE RATES, AMENDING SECTION 13.32.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, additional requirements and significant capital improvements to the City's water system have greatly impacted the operating costs of such system, and

WHEREAS, it is necessary to increase the water service rates in order to provide for the additional maintenance costs to meet system requirements and provide funding for scheduled capital improvements; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. Section 13.32.030 of the Lacey Municipal Code is hereby amended to read as follows:

13.32.030 Service charge--Metered.

Water service charges for metered connections to the city water system shall be determined and the revenues received there from utilized as follows:

- A. The customers of the water system shall be divided into two groups. Group 1 shall consist of single family residences, duplex residences and irrigation accounts. Group 2 shall consist of multi-family residential structures, mobile home parks and commercial buildings.
- B. The monthly base rate and monthly consumption rate for each one hundred cubic feet of water consumed by Group 1 customers ~~during calendar year 2020~~effective July 1, 2021 and thereafter until amended shall be as follows:

In-City Rates	2020 Rates	2021 Rates
Base Rate	\$16.62	\$17.12
1 st 600 c.f.	\$1.3834	\$1.4249
601 – 1200 c.f.	\$3.2473	\$3.3447
1201 – 2400 c.f.	\$4.1503	\$4.2748
Over 2400 c.f.	\$5.5419	\$5.7082

Out-of-City Rates	2020 Rates	2021 Rates
Base Rate	\$19.95	\$20.55
1 st 600 c.f.	\$1.6601	\$1.7099
601 – 1200 c.f.	\$3.8967	\$4.0136
1201 – 2400 c.f.	\$4.9803	\$5.1298
Over 2400 c.f.	\$6.6503	\$6.8498

- C. The monthly base rate and monthly consumption rate for each one hundred cubic feet of water consumed by Group 2 customers ~~during calendar year 2020~~ effective July 1, 2021 and thereafter until amended shall be as follows:

In-City Rates	2020 Rates	2021 Rates
Base Rate	\$16.62	\$17.12
1 st 600 c.f.	\$1.3834	\$1.4249
Over 601 c.f.	\$3.2473	\$3.3447

Out-of-City Rates	2020 Rates	2021 Rates
Base Rate	\$19.95	\$20.55
1 st 600 c.f.	\$1.6601	\$1.7099
Over 601 c.f.	\$3.8967	\$4.0136

- D. Irrigation accounts shall be those accounts developed from the use of water for irrigation through a meter or meters separate from the metering of other water use upon such property. Group 2 customers who connect to the water system after passage of this ordinance will be required to use a separate meter or meters for irrigation purposes and the water usage through such separate meter or meters shall be considered as an irrigation account. If such a new Group 2 customer is assuming an existing Group 2 account, the requirement to install a separate meter or meters for irrigation purposes shall not apply.
- E. Publicly owned recreation property such as city or county parks and school district playfields shall be billed pursuant to the schedule for Group 2 customers. Provided, however, that to qualify for such billing, the facility must first receive

an irrigation audit by the city water department and demonstrate that a good faith effort is being made to remedy deficiencies and conserve water.

F. The billing rate to those customers utilizing water directly from water hydrants, with the consent of the city, shall be charged at a rate equivalent to the charges applicable to In-city Group 1 customers for consumption in excess of two thousand four hundred cubic feet.

G. An amount equal to fifteen percent of the revenues received from service charges as set forth herein shall be set aside by the city separately for the purpose of accumulating a depreciation reserve for the replacement of equipment and plant in place of the water system. The balance of the income received from said charges shall be used for maintenance and operation, construction and debt service requirements of said system.

Section 2. This Ordinance shall be effective as of July 1, 2021.

Section 3. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 19th day of November, 2020.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 19, 2020, Ordinance No. XXXX, entitled **“AN ORDINANCE RELATING TO WATER SERVICE RATES, AMENDING SECTION 13.32.030 AND APPROVING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 amends section 13.32.030 establishing water rates effective July 1, 2021 for purposes of providing revenue for increased maintenance and capital expenditures for the water utility system.

Section 2 establishes the effective date of July 1, 2021.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

City Clerk

Published: November 23, 2020



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
October 27, 2020

SUBJECT: Review Sewer rate increases 2021

RECOMMENDATION: The 2021 Proposed Budget assumes a three (3.0) percent Sewer service rate increase with an effective date of July 1, 2021.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Draft Ordinance No. XXXX](#)

FISCAL NOTE:

PRIOR REVIEW: Budget Workshop on October 1, 2020

BACKGROUND:

The next scheduled update of the sewer comprehensive plan is anticipated to take place by 2023. The update requirements for the sewer comprehensive plan (2015) was extended beyond the last multi-year sewer rate schedule. A rate consultant is preparing a sewer revenue requirement model, which will inform the recommended rates for the years 2020 to 2025. This model will be completed alongside the water comprehensive plan, so it will not be available until the first half of 2021. It is expected the City Council will consider the multi-year schedule at that time. Staff has developed a one-year inflationary rate recommendation using the same fiscal policies of the most recent sewer comprehensive plan.

The major components requiring the proposed sewer rate increases include:

- Significant 2021–2022 capital improvement program
- Minimum operating reserve levels of 60 days of operating and maintenance expenses
- Growth escalator of 1.25 percent

- Industry standard capital reserves between 1.0 percent and 2.0 percent of asset valuation
- System reinvestment levels of 25 percent initially rising to 50 percent of annual depreciation expense

The sewer financial model recommends a 3.0 percent increase effective July 1, 2021. The proposed increase has the following impact on the basic sewer service or equivalent residential unit charge:

	2016 Rate	2017 Rate	2018 Rate	2019 Rate	2020 Rate	2021 Rate
Basic Sewer Service Charge	\$18.80	\$19.60	\$20.43	\$21.30	\$21.94	\$22.60

City staff presented the current proposal to the City Council at the October 1, 2020, Worksession. The public process will occur at the November 5, 2020, Revenue Hearing and Public Hearing on the Budget and the November 19, 2020, Public Hearing on the Budget. The adoption of the 2021 Sewer Rates is scheduled for November 19, 2020.

ADVANTAGES:

1. The mid-year effective date provides the citizens and customers of the water utility financial relief for those experiencing hardships as a result of the impacts of the COVID-19 public health emergency.
2. Inflationary rate adjustments will help address future capital needs and the growing costs to treat and convey sewerage.
3. Maintaining inflationary rate increases provides customers consistent and predictable rate increases for planning purposes.
4. Deferring needed capital improvements or maintenance and ignoring operational and maintenance costs can occur when rates are kept artificially low. This can result in rate spikes to adjust future rates to the correct levels.

DISADVANTAGES:

1. It is often challenging time to increase rates and a 3.0 percent seems significant. However, compared to many other consumer products and services, a \$0.66 per month increase is reasonable for this important community service.
2. The July 1, 2021 effective coincides with the high water use of the irrigation season.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE RELATING TO SEWER SERVICE RATES, AMENDING SECTION 13.16.060 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, additional requirements and significant capital improvements to the City's water system have greatly impacted the operating costs of such system, and

WHEREAS, it is necessary to increase the sewer service rates in order to provide for the additional maintenance costs to meet system requirements and provide funding for scheduled capital improvements; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. Section 13.16.060 of the Lacey Municipal Code is hereby amended to read as follows:

13.16.060 Service charge - Designated.

- A. The "basic sewer service charge" of Lacey for each equivalent residential unit for all utility billings ~~during calendar year 2020~~ effective July 1, 2021 and thereafter until amended shall be as follows:

	2020- Rate	2021 Rate
Basic Sewer Service Charge	\$21.94	\$22.60

- B. The "wastewater service charge" shall be an amount equal to that set by the LOTT Alliance Board of Directors pursuant to the LOTT Alliance Intergovernmental Agreement.

Section 2. This Ordinance shall be effective as of July 1, 2021.

Section 3. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 19th day of November, 2020.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 19, 2020, Ordinance No. XXXX, entitled **“AN ORDINANCE RELATING TO SEWER SERVICE RATES, AMENDING SECTION 13.16.060 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 amends section 13.16.060 establishing sewer rates for 2021 for purposes of providing revenue for increased maintenance and capital expenditures for the sewer utility system.

Section 2 establishes the effective date of July 1, 2021.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

City Clerk

Published: November 23, 2020



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
October 27, 2020

SUBJECT: Review Stormwater rate increases for 2021

RECOMMENDATION: The 2021 Proposed Budget assumes a 4.50 percent Stormwater service rate increase with an effective date of July 1, 2021.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Draft Ordinance No. XXXX](#)

FISCAL NOTE:

PRIOR REVIEW: Budget Workshop on October 1, 2020

BACKGROUND:

The stormwater comprehensive plan update is complete, but has not been reviewed and considered by the City Council. The draft stormwater comprehensive plan financial chapter recommends 4.5 percent increases for the years 2020 through 2025. Staff recommends adopting the 4.5 percent increase in anticipation of the adoption of the Stormwater comprehensive plan in 2021.

The proposed increase has the following impacts to stormwater rates:

Rate Category	Percent of Impervious Surface	2018 Monthly Service Charge Per Gross Acre	2019 Monthly Service Charge Per Gross Acre	2020 Monthly Service Charge Per Gross Acre	2021 Monthly Service Charge Per Gross Acre
1 Single Family Residence	N/A	10.72	11.36	11.87	12.40
2 Duplex Family Residence	N/A	21.43	22.72	23.74	24.80
3 Very Light	0% to 10%	4.92	5.21	5.45	5.69
4 Moderate Light	>10% to 25%	17.78	18.84	19.69	20.58
5 Light	>25% to 40%	34.41	36.48	38.12	39.83
6 Moderate	>40% to 55%	52.46	55.60	58.11	60.72
7 Moderately Heavy	>55% to 70%	71.42	75.70	79.11	82.67
8 Heavy	>70% to 85%	92.13	97.66	102.05	106.64
9 Very Heavy	>85% to 100%	113.98	120.82	126.26	131.94

City staff presented the current proposal to the City Council at the October 1, 2020, Worksession. The public process will occur at the November 5, 2020, Revenue Hearing and Public Hearing on the Budget and the November 19, 2020, Public Hearing on the Budget. The adoption of the 2021 Stormwater Rates is scheduled for November 19, 2020.

ADVANTAGES:

1. The mid-year effective date provides the citizens and customers of the water utility financial relief for those experiencing hardships as a result of the impacts of the COVID-19 public health emergency.
2. Inflationary rate adjustments will help address future capital needs and the growing costs of stormwater services.
3. Maintaining inflationary rate increases provides customers consistent and predictable rate increases for planning purposes.
4. Deferring needed capital improvements or maintenance and ignoring operational and maintenance costs can occur when rates are kept artificially low. This can result in rate spikes to adjust future rates to the correct levels.

DISADVANTAGES:

1. It is often challenging time to increase rates and a 4.50 percent seems significant. However, compared to many other consumer products and services, a \$0.51 per month increase is reasonable for this important community service.
2. The July 1, 2021, effective coincides with the high water use of the irrigation season.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE RELATING TO STORMWATER SERVICE RATES, AMENDING SECTION 13.70.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, the City of Lacey is committed to comply with the Phase II Western Washington Municipal Stormwater Permit, which provides for the requirements necessary to preserve water quality and resources, and

WHEREAS, it is necessary to increase the stormwater service rates in order to provide for the additional maintenance costs to meet system requirements and provide funding for scheduled capital improvements; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. Section 13.70.030 of the Lacey Municipal Code is hereby amended to read as follows:

13.70.030 Service charge rate.

Subject to the rate adjustments provided in LMC 13.70.035, the storm and surface water utility charges shall be levied upon the basis of a flat monthly rate for all developed single-family residential parcels and two-family residential parcels and a sliding rate for all other parcels. The sliding rate shall be determined by measuring the amount of impervious surface area on each parcel and dividing that figure by the total area of the parcel to determine the percent of impervious surface and therefore the rate category. The monthly charge shall be that amount resulting from multiplying the service charge for the rate category applicable to the parcel by the total area of the parcel. The rate categories, the parameters of impervious surface for said rate categories and the monthly service charge applicable to each category shall be as follows:

Rate Category	Percent of Impervious Surface	2020 Monthly Service Charge Per Gross Acre	2021 Monthly Service Charge Per Gross Acre
1 Single Family Residence	N/A	11.87	12.40
2 Duplex Family Residence	N/A	23.74	24.80
3 Very Light	0% to 10%	5.45	5.69
4 Moderate Light	>10% to 25%	19.69	20.58
5 Light	>25% to 40%	38.12	39.83
6 Moderate	>40% to 55%	58.11	60.72
7 Moderately Heavy	>55% to 70%	79.11	82.67
8 Heavy	>70% to 85%	102.05	106.64
9 Very Heavy	>85% to 100%	126.26	131.94

The rates set forth above shall be effective for all stormwater utility billings ~~during calendar year 2020~~ beginning July 1, 2021 and thereafter until further amended.

Section 2. This Ordinance shall be effective as of July 1, 2021.

Section 3. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 19th day of November, 2020.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 19, 2020, Ordinance No. XXXX, entitled **“AN ORDINANCE RELATING TO STORMWATER SERVICE RATES, AMENDING SECTION 13.70.030 OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 amends section 13.70.030 establishing stormwater rates for 2021 for purposes of providing revenue for increased maintenance and capital expenditures for the stormwater utility system.

Section 2 establishes the effective date of July 1, 2021.

Section 3 provides provisions for corrections.

Section 4 approves this summary.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

City Clerk

Published: November 23, 2020